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S E C R E T LIMA 001079

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E.O. 12958: DECL: 03/20/2016
TAGS: PGOV PINR PE
SUBJECT: BUSINESS SECTOR'S ANALYST FORESEES HUMALA VICTORY

REF: LIMA 979

Classified By: Political Counselor Alexander Margulies. Reason: 1.4(d)
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SUMMARY

¶1. (S) A management consultant hired by a small group of
Peruvian businessmen to study electoral trends has conducted
54 focus groups nationwide with C-E (lower-middle class to
poverty stricken) sector participants. His analysis of the
focus groups and polling by the Apoyo consultancy points to a
likely victory by ultra-nationalist "outsider" candidate
Ollanta Humala in the second round of the presidential
election. The consultant said that Unidad Nacional candidate
Lourdes Flores might pull out a victory if she rebuilds
eroding support in Lima and captures most of the undecided
female voters; however, she is currently losing support among
her core base. The consultant is also involved in
researching and publicizing skeletons in Humala's closet. He
said that investigators had run out of adverse material;
Humala was set back in February by negative revelations, but
they are no longer impeding him. Unless fresh scandals come
to light -- and the source doubted that would happen --
Humala's momentum is unlikely to be checked. The source said
that Flores is currently going against his advice by
attacking Humala directly, and expressed concern that an
audio exists and could soon be made public that will
strengthen Flores' opponents' charges that she is the
"candidate of the rich." Among the more interesting
conclusions from the focus groups are:

--Economic issues play no appreciable role in the candidate
preferences of the C/D/E sectors.

--Both Hugo Chavez and former Peruvian dictator Velasco are
well regarded in this group, but sentiment turns negative
when Humala is perceived to be under the control of Chavez.

--The hot button issues for C/D/E voters are concerns over
neighborhood crime in their neighborhood basic services;
"They are voting for a President but are concerned about
issues more appropriate when voting for a mayor." END
SUMMARY.

¶2. (S) An experienced marketing director/consultant provided
the Ambassador and PolCouns a readout on March 16 of focus
groups he has conducted for a small group of Peruvian

businessmen. The Ambassador promised confidentiality to the
marketing director and his patrons and that the information
provided would be shared only with select USG officials. All
information in this cable that could identify the source and
his patrons should be protected.

¶3. (S) The source formed 54 focus groups made up of
representatives of the C-E sectors (89 percent of the
electorate) and compared the results of these sessions with
the findings of the polls being carried out by the Apoyo
consultancy (Reftel). The A-B sectors were not included
because they are overwhelming inclined towards Lourdes Flores
and only account for 11 percent of the electorate. The focus
groups were held in Lima, Arequipa, Piura, Huaraz, Cuzco,
Cajamarca, Trujillo and Iquitos, with future groups to be
held in Puno. Representative participants were chosen to
ensure coverage of Lima, provincial urban areas, and the
rural sector (28 percent of the electorate by itself). The
consultant is also working with a number of unidentified
"influential journalists" to obtain information and publish
news stories and commentary that would favor Flores'
candidacy. He also is sharing his information with, and
making recommendations to the Flores campaign, although
Flores is not/not his client.

RESULTS OF THE FOCUS GROUPS

¶3. (S) According to the consultant, the focus groups showed
that economic considerations really do not/not enter into
consideration when C-E sector voters decide how to cast their
ballots. Their choices are made more on the basis of which
candidate's persona appeals to them, not on the ideas the
candidates propound. He noted that there are stark
differences between rural and urban voters (the former more
likely to back Humala), between men and women (the former
favoring Humala while the latter side with Flores), and
between young and older voters (those over 45 surprisingly
show more support for Humala than others, perhaps out of his
identification with former dictator Gen. Juan Velasco
Alvarado's 1968-75 government). The consultant's analysis of
the electoral appeal, pros and cons of Humala and Flores
follow.

OLLANTA HUMALA

¶4. (C) Humala's solid vote is amongst men in the D-E sectors
(35 percent of the electorate), particularly in rural areas.
His appeal is based on several factors:

-- His military background, which these respondents
identified with meeting their chief concerns: restoration of
law, order and personal security. In addition, rural
residents have fond memories of former dictator Gen. Juan
Velasco Alvarado, whom Humala holds up as a model for his
future administration, seeing Velasco as a leader who gave
them "dignity" even though they acknowledge that there
economic well-being did not improve.

-- His being a "new" figure, untainted by links to the
discredited political class. These respondents believe this
makes it more likely that he will combat corruption.

-- His persona, as these respondents look at Humala and say,
"He is just like us."

-- Revenge. The consultant said that one had to dig for about
an hour before focus group participants would own up to it,
but these respondents did not/not believe that Humala or any
other candidate would be able to deliver marked improvements
in their standard of living, but took delight that an Humala
presidency would cause the rich to suffer.

-- Humala's nationalism, which these respondents approved as
evidencing love of country, a reconstituted military that
would bring the country respect, and increased sharing of the

country's wealth.

¶5. (C) Humala's soft vote is in the C sector in the provinces, in the C-E sectors in Lima, and amongst D-E sector women nationwide (38.2 percent of the electorate). Looking at the same factors as noted above, these respondents share many of the views held by D-E sector men, but also register uncertainties as follows:

-- Military background: there is some concern that an Humala victory could lead to war with Chile, that he would be overly strict, that he has no real plan of action, that he is surrounded by corrupt cronies, and that his nutty family may exercise undue influence over him.

-- Persona: Humala appears to have a conflictive personality, his family ties could result in rampant nepotism as evidenced by the Toledo administration, and he is overly impulsive.

-- Nationalist: his stance could scare off foreign investment, and while these respondents have a favorable opinion of Hugo Chavez, they reject the Venezuelan leader's intromission in Peruvian politics on Humala's behalf.

¶6. (C) Negative factors that could cost Humala votes are:

-- The disorganization demonstrated by his campaign in selecting its congressional candidates. This made respondents ask whether Humala really has the organizational ability and the capability to restore order that his military background would suggest. With the finalization of Humala's congressional list, however, this concern seems to have faded.

-- His military record and the allegations that he committed human rights violations while posted to the Huallaga Valley in 1992. Disclosure of these charges caused temporary damage, but have not been followed up with further evidence or criminal prosecution. Likewise concerns over his links to Chavez and the specter that Humala's election could lead to war with Chile have dissipated.

-- His improvisation in assembling his campaign and congressional list raised concerns that his presidency would result in Peru's international isolation, increase unemployment and augment poverty. These doubts have been lessened as Humala's campaign has sharpened its focus and discipline.

-- The fear that he will bring in a new governing family to replace the Toledo clan.

LOURDES FLORES

¶7. (C) Flores' solid vote is among women in the C sector in both Lima and the provinces (13 percent of the vote). These respondents view Flores strengths as:

-- Being a woman: more honest and intelligent than men.

-- Her personality: controlled, reflective, optimistic, listens to others.

-- Her capacity to govern: experience in government (former Senator and Congresswoman), wide vision, a plan for governing.

The focus groups demonstrated an enormous preoccupation amongst women within the C-E sector about how they are treated by men, with strong anecdotal evidence that domestic violence and familial sexual abuse (e.g. by uncles and other male relatives) is much higher than official estimates would indicate.

¶8. (C) Flores' soft vote is amongst women in the D-E sectors, and men in the C sector nationwide (31.6 percent of the vote). While these respondents shared the views noted above, they also registered negatives regarding Flores:

-- they think she is a millionaire born to riches (Flores comes from a middle-class background and has to support herself through her law practice);

-- they do not/not believe that she understands what it means to live in poverty;

-- they suspect that she is an "imperialist;"

-- they believe that she is the "candidate of the rich."

CONCLUSIONS

¶9. (S) The consultant stated that as things currently stand, all of his indices lead to the conclusion that Humala and Flores will reach the second round run-off, and that Humala will emerge as the next president. He noted that:

-- The Apoyo poll published on 3/12 showed that Flores fell three points in Lima, her power base. While Humala and APRA's Alan Garcia (who placed third in the poll) also lost support in Lima, the capital is not as essential to their success as it is to Flores. The consultant recommended that Flores seek the open support of popular Lima Mayor Luis Castaneda, which was forthcoming on 3/15 (although it is unclear whether Castaneda's vocal backing will in fact increase support for Flores).

-- Flores also fell five percent in the C sector, which is her solid vote, while Humala increased his support amongst these voters.

-- Humala's support rose by six points in rural areas, where he still has opportunities for further growth. He also gained 13 points in the jungle regions, which translate into a one percent bump in the national vote.

-- APRA's Garcia's support remains stagnant.

-- Disenchantment with all candidates has resulted in the percentage of undecided being greater in Lima (29 percent) than in rural areas (25 percent) for the first time in recorded history. Thus the Lima vote, which Flores depends on, is increasingly soft, while the rural vote, which Humala relies on, is increasingly solid.

¶10. (S) The source stated that Flores still has time to turn things around, and recommended that she take the following steps:

-- Concentrate on those sectors that are open to her persona and message by targeting the female and male C sector vote nationwide, while forgetting about the male D-E sectors, which are a lost cause.

-- Stress those aspects of her being a woman that register positively with the targeting audience.

-- Maintain her equilibrium in the face of personal attacks and avoid personal attacks on her rivals (Flores is not following her advice, with one of her latest campaign tactics being strident criticism of Humala).

-- Emphasize her capability to govern the country.

¶11. (S) The consultant lamented that at this stage of the campaign Flores can do little to combat her negatives: that she is the "candidate of the rich" and is isolated from the common people. Flores' choice of Arturo Woodman (a business executive tied closely to the Romero Group, Peru's largest conglomerate) as her first Vice President running-mate, he noted, was a disaster in this regard. The source also expressed concern over reports that an audio tape exists, and may soon be distributed, of Flores acknowledging to a business audience that the business class is financing her campaign. While this is common knowledge, he noted, public

broadcast of the tape will increase Flores' identification
with the oligarchy and cost her votes.

¶12. (S) Flores's civil status - single, no children - has
exposed her to allegations that she is a lesbian (something
Flores vehemently denies). APRA is suspected of being behind
a radio jingle spreading this rumor. The focus groups,
however, indicated that voters do not/not react negatively to
these rumors, with women particularly immune.

COMMENT

¶13. (S) These focus groups, and the careful comparison of the
information gathered therein with the results of the Apoyo
polls, corroborates what we are hearing from political
contacts regarding the electoral trends and echoes what we
reported Reftel: Flores is losing ground, Humala is surging
forward and Garcia is treading water (Septel on the latest
Apoyo poll, published 3/19, confirms this tendency). If
current trends continue, Flores will be fortunate if she can
hold off Garcia in the race for the second run-off spot.
Should there be an Humala-Flores run-off, a key factor will
be how Garcia's Aprista followers will vote. While APRA's
head may say Flores (as the party's strongholds are in
coastal areas whose growth is based on agricultural exports
to the U.S. and whose future is dependent on the PTPA, which
Humala opposes), APRA's heart would lean against the
"candidate of the rich," as Garcia constantly castigates
Flores. An Humala-Garcia run-off, on the other hand, could
well see Flores and her business-class supporters rallying
behind the APRA candidate as the devil they know. END COMMENT.
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